

University of Mississippi

eGrove

Newsletters

American Institute of Certified Public
Accountants (AICPA) Historical Collection

1-1995

Practicing CPA, vol. 19 no. 1, January 1995

American Institute of Certified Public Accountants (AICPA)

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants (AICPA), "Practicing CPA, vol. 19 no. 1, January 1995" (1995). *Newsletters*. 1669.

https://egrove.olemiss.edu/aicpa_news/1669

This Book is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Newsletters by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

The Practicing CPA

January 1995

Published for All Local and Regional Firms by the AICPA Private Companies Practice Section 

STRATEGIC PLANNING—A SIMPLE APPROACH

In his article, "A Timely Endorsement of Part-Time Partners" in the October 1994 *Practicing CPA*, Carl George gave some of the reasons why profits are being squeezed at public accounting firms. He described some of the steps we have taken to control costs at Clifton, Gunderson & Co., and briefly mentioned our strategic plan.

All firms and businesses, no matter their size, need to develop strategic plans in order to keep up with developments and be in position to take advantage of opportunities that arise. Strategic planning sounds intimidating, but in reality, the process, as described below, is not as difficult as it might first appear.

What business are you in?

Hold a meeting of your key personnel to determine what it is you are trying to accomplish. Write a concise description of your "statement of purpose." Next, identify your strengths and weaknesses to see what you do well and what you don't handle successfully. This will help you determine partners' and staff's contributions in various areas and see where improvement is needed.

Key areas to look at are

- ☐ **Marketing and sales.** Are you positioned clearly in terms of the clients and businesses you serve? Do you enjoy a good reputation in your local community? Are you increasing business with regular clients? Is total revenue rising and meeting projections?
- ☐ **Personnel.** Do you have problems with recruiting and turnover, and are you planning for future hiring needs? Are your firm's salaries and benefits competitive, and is morale generally high?
- ☐ **Administration and finance.** Are you obtaining maximum productivity from personnel and equipment? Does your computer system capability need to be expanded? Are you satisfied

with suppliers of products and services? Are you holding down costs? What is the status of cash flow and accounts receivable? What is the ratio of expenses to revenue and the amount of revenue-per-employee?

The answers to these questions will show what part of your operations has contributed to your success so far. But you need to go further than that. You need to pinpoint your firm's single greatest strength. This is the feature that is going to set you apart from competitors in the future. It is your "driving force."

In a small firm, it should not be difficult to establish your goals. Have each partner or shareholder write down what he or she believes is the firm's best direction in terms of the above criteria. After this has been accomplished, it is essential to reach a

What's Inside . . .

- ☐ Questions for the speaker (More on practice development), p.2.
- ☐ Small firm committee holds first meeting, p.3.
- ☐ Take care not to cut service with costs, p.4.
- ☐ Teaching staff to make good impressions, p.4.
- ☐ Your voice in Washington (Tax changes ahead), p.5.
- ☐ Upcoming AICPA conferences, p.5.
- ☐ PCPS arranges fifty dollars conference savings, p.5.
- ☐ Growth from management consulting services, p.6.
- ☐ Audit risk alerts issued, p.7.
- ☐ PCPS toll-free help numbers, p.7.
- ☐ Cash and tax basis financial statements guide issued, p.7.
- ☐ TIC alert (Yellow Book reporting changes), p.7.
- ☐ We need your input on MAP publications, p.8.

consensus. The group needs to agree on where you are going. (Strategic planning must be a team effort if it is to be successful.)

Make your statement of goals short and simple—firm size, location, services, and clients. This composite view of the future is what you will be working toward. From now on, projects will be undertaken or abandoned on the basis of whether or not they help the firm reach these goals.

How to reach your goals

You will need to identify factors that will affect your firm in the future. These are likely to include increasing competition, demand for a wider range of nonaccounting and nonauditing services, increasing use of computers, and continued pressure on profitability. You will probably experience hiring difficulties, increased turnover, more demand for life-style assistance, and make greater use of paraprofessionals and part-time scheduling.

Some of these factors might require prompt action, others can be dealt with when necessary. You *will* need to decide what you must do to reach your goals by the target dates. This part of the process involves developing an action plan that establishes individual responsibilities and due dates. Remember to document all meetings, decisions, and specific action taken throughout the strategic planning process.

Your strategic plan should focus on finding out what your clients want and how you can meet their needs. If you have offices in other locations, each must develop and implement a local plan. The partner in charge of each office should make sure the plan fits in with the firm's overall goals. That partner should also attend group meetings.

Strategic planning is an ongoing process. Many changes are taking place and your plan needs to be reviewed periodically and revised when necessary. Clients' industries are changing, and CPAs must learn to change direction, too. Keep in mind that while dealing with change can be difficult, it produces opportunities for those who are ready to take

advantage of them.

To be ready, you only need a simple strategic plan. Don't make it a big deal. Just focus clearly on what you want your firm to look like and what you want it to be, and remember that the plan is worth nothing unless you execute it. This is the process Clifton, Gunderson & Co. follows in all its offices. ☑

—by **J. Curt Mingle, CPA**, *Clifton, Gunderson & Co., 301 S.W. Adams, Suite 800, Peoria, Illinois 61603-1551, tel. (309) 671-4560, FAX (309) 671-4576*

Questions for the Speaker

(More practice development responses from our editorial advisors.)

Should the partner in charge of the engagement conduct a client satisfaction survey, or should it be someone else?

Judith R. Trepeck, who practices in Farmington Hills, Michigan, believes it should be the managing partner. She says managing partners typically have a better understanding of both client and firm needs, as well as good client relationship skills.

Jake L. Netterville, a Baton Rouge, Louisiana, practitioner, thinks someone other than the engagement partner should be involved in a client satisfaction survey. He says that if a firm does not have a marketing director to conduct the survey, it may find it obtains more accurate results if this is handled by an outside consultant.

Robert L. Israeloff, a Valley Stream, New York, CPA, believes a client satisfaction survey should be conducted by someone other than the engagement partner because a client will not be completely open with the person with whom he or she is dealing on a regular basis. He suggests another party, such as the marketing director or the managing partner, has a better chance at discovering the existence of any important weaknesses. ☑

The Practicing CPA (ISSN 0885-6931), January 1995, Volume 19, Number 1. Publication and editorial office: 1211 Avenue of the Americas, New York, NY 10036-8775. Copyright © 1995 American Institute of Certified Public Accountants, Inc. Printing and mailing paid by the private companies practice section (PCPS) of the AICPA division for CPA firms. Opinions of the authors are their own and do not necessarily reflect policies of the Institute.

Editor: Graham G. Goddard

Editorial Advisors: J. Mason Andres, Texarkana, AR; Jerrell A. Atkinson, Albuquerque, NM; Richard A. Berenson, New York, NY; William R. Brown, New York, NY; Lucy R. Carter, Nashville, TN; W. Thomas Cooper, Louisville, KY; Charles C. Cummings, Jr., Houston, TX; Walter G. Goerss, Maryland Heights, MO; Robert L. Israeloff, Valley Stream, NY; James P. Luton, Oklahoma City, OK; Wanda Lorenz, Dallas, TX; Lawrence R. Lucas, Moscow, ID; Gary S. Nelson, Bend, OR; Jake L. Netterville, Baton Rouge, LA; Judith H. O'Dell, Wayne, PA; Edward F. Rockman, Pittsburgh, PA; Abram J. Serotta, Augusta, GA; Ronald W. Stewart, Monroe, LA; Judith R. Trepeck, Farmington Hills, MI; Robert J. Zarlengo, Wheat Ridge, CO.

Small Firm Committee Holds First Meeting

The AICPA small firm advocacy committee (SFAC) held its first meeting on November 8–9, 1994, in New Orleans, Louisiana. SFAC comprises eleven members, six of whom are sole practitioners, from a variety of firms with ten or fewer AICPA members. Discussion focused on the problems and issues identified by the 250 respondents to the October 1994 *Practicing CPA* survey.

The topics included

- ☐ Standards overload.
- ☐ Workload compression.
- ☐ Competition from non-CPAs (unlicensed accountants).
- ☐ Client retention/fee collection.
- ☐ Staff retention and advancement/part-time help.
- ☐ Continuing professional education costs/requirements.
- ☐ Practice monitoring program process/costs.
- ☐ Discrimination based on firm size.
- ☐ Insurance (health/professional/liability).
- ☐ Planning for succession/retirement.
- ☐ Products and services for small firms.
- ☐ Specialization and accreditation.
- ☐ Communication with members/networking opportunities.

SFAC acts on three issues

Standards overload

The PCPS technical issues committee (TIC) monitors technical developments and proposed standards. Then, when appropriate, TIC submits comments and recommendations to the appropriate standards-setting bodies in an effort to make documents more understandable and user friendly. SFAC will work with TIC on the issue of standards overload.

TIC has agreed to provide SFAC with information on projects which are relevant to smaller firms, and SFAC will provide input on TIC projects when requested. Survey respondents who indicated standards overload as a concern are being asked for more specific information and examples to share with TIC.

Workload compression and tax issues

As the AICPA tax division is already heavily involved in lobbying Congress for relief from workload compression, and is working on other issues of particular concern to small firms, SFAC will monitor and report on those efforts.

The tax division is in the process of drafting proposed legislative language in line with its recom-

mendation for a legislative solution to workload compression. The Institute is reaching out to other organizations for support and hopes to have a bill in the hopper at the start of the 104th Congress. As the AICPA begins its assault on Congress, small firms need to contact their members of Congress to raise the workload compression issue with them.

A "power of attorney" check-off box on the federal income tax return form was suggested by one of the SFAC survey respondents. This would allow preparers to provide and receive information from the IRS. SFAC has referred the idea to the AICPA tax forms and tax practice and procedures committees for further action.

Although the IRS has reacted favorably to partnerships forming and obtaining some of the benefits of limited liability entities while continuing to be taxed as partners, the Service has declined to rule on whether a sole proprietor can have some of the protection of a corporation *and* be taxed as an individual. The AICPA, in concert with the American Bar Association, is recommending that the IRS let everybody elect limited liability status.

The IRS has been receiving considerable pressure to address this issue. SFAC has pointed out to the AICPA how important it is to its constituents and will continue to monitor the situation.

Competition from nonCPAs

A practitioner might view American Express Tax and Business Services Inc., (formerly Investors Diversified Services) both as a competitor and as an instant, lucrative retirement plan. Perception is that the company buys CPA firms because they offer a ready-made customer base for its products and services.

The "holding out" issue and the definition of a public accountant are also of concern because unlicensed accountants and the CPAs working for companies may not be required to adhere to the strict state and AICPA standards and regulations governing public accounting firms. SFAC believes the general public does not understand the differences and needs to be better informed.

SFAC invited Barry C. Melancon, CPA, executive director of the Society of Louisiana Certified Public Accountants, to speak about various forms of competition. This includes technology because as clients become more technologically advanced, traditional revenue sources such as write-up work and tax return preparation will vanish.

Mr. Melancon recommended that small firms look to the future and prepare strategic plans that consider alternate sources of revenue streams. The lead article in this issue, "Strategic Planning—A Simple Approach" has some ideas for determining your strengths and weaknesses and some suggestions for reaching your goals. ☑

The Cost-Cutting Trap

The maxim "Lower costs to increase profit" crumbles quickly on close examination. If we increase profits solely by reducing costs, eventually we reach a certain irreducible limit and run out of steam.

Yet many executives, searching for more profitability, look first at costs. "How much do salaries, rent, training, publications, and so on cost?" Then they ask, "What expenses can we cut so we can make the right amount of profit?" The reason is simple: At first blush it appears that a cost reduction increases profit by the same amount. And in some cases, this is correct.

For example, if a company can use a refilled toner cartridge for a laser printer instead of a new cartridge, the savings comes straight down to increased profits, *provided quality remains constant*. Sometimes, though, this is not the case.

Let's say the company lays off some lower-level service employees to reduce salary costs, and customer service suffers because of delays. Customers don't return, repeat business is lost, and customers cease recommending the company.

Key point: Some costs are *expenses* that do not directly produce revenue. Other costs are actually *investments* that do produce revenue. The key is to know and let clients know which are which.

Moments of truth

The expression, "moments of truth" was used by Jan Carlzon, president of Scandinavian Airlines Systems, in his book, *Moments of Truth* (Ballinger Publishing Company, Cambridge, 1987). A moment of truth is any event in which a person interacts with some aspect of an organization and receives an impression of the quality of its products or services.

Notice, I wrote *person*, not *customer* or *client*. Many people interact with an organization, besides customers and clients, including prospects, employees and potential employees, referral sources and potential referral sources. Each interaction is a moment of truth. And not all moments of truth involve contact with personnel. Advertisements and newsletters create an impression. Invoices and statements do, too.

Consider the case of Down & Out Company, where profits declined on flat sales because of the loss of a major customer. The loss offset revenues from new customers.

To control costs, Down & Out trimmed personnel and reduced marketing. Other steps included deferring the updating of its computer system and forbidding employees to make long-distance telephone calls. These measures were meant to reduce costs and improve efficiency with no adverse effects on

Good Impressions

In his September 1994 *Practicing CPA* article, "Your Front Door to the World," Mr. Cottle offered suggestions for helping receptionists and telephone operators make a good impression when people contact your firm.

W. Thomas Cooper, a Louisville, Kentucky, practitioner, thinks firms can teach staff accountants how to communicate with clients by involving them in client meetings and encouraging professional activities, which will develop interpersonal skills.

service levels. But that is not what happened.

Although Down & Out saved money over a three-month period by operating short-handed, calls weren't answered promptly, employee courtesy deteriorated, and customers became dissatisfied and defected. Negative word of mouth hurt Down & Out's image to the extent that the flow of new customers dwindled, prolonging and deepening the financial crisis.

The cost-cutting trap

Down & Out instituted cost economies hoping to improve efficiency. But because internal production processes are marketing resources as well, the company actually reduced its ability to serve customers. Down & Out found that management decisions made solely with cost considerations in mind caused severe damage. It became caught in the cost-cutting trap.

Key point: We can avoid the cost-cutting trap if we remember that any decisions affecting internal operations also affect our ability to serve customers and clients and, therefore, our relationships with them. We should remember the importance of moments of truth and the importance of resources that affect customers' and clients' perceptions and behaviors. ☑

—by **David Cottle, CPA**, *David Cottle Consulting*, 13899 Biscayne Boulevard, Suite 141, Miami, Florida 33181-1650, tel. (800) 223-1644, FAX (305) 947-9305

Editor's note: The above comments are excerpted from Mr. Cottle's book, Managing for Profitability: How Winning Professionals Earn What They're Worth, Hightower Publishing Company, 1993, Miami. To purchase the book, cost \$99, plus \$4 shipping and handling, contact Hightower Publishing Company, P.O. Box 630637, Miami, Florida 33163-0637, tel. (800) 932-3080.

Your Voice in Washington

Tax changes ahead

Signs everywhere point to significant tax changes in 1995—from the recently passed world trade accord under the General Agreement on Tariffs and Trade (GATT) to the *Contract With America*, the document House Republicans are using as an agenda during the first months of the GOP-controlled Congress.

The *Contract With America* has numerous tax provisions scattered throughout its ten legislative proposals and the following ones are expected to be considered:

- ☐ A 50 percent capital gains rate cut and prospective indexing of capital gains to account for inflation.
- ☐ A \$500 per child tax credit effective in 1996 for families with annual incomes up to \$200,000.
- ☐ Expansion of present IRA accounts by allowing individuals to establish and contribute up to \$2,000 annually to American Dream Savings Accounts. Nonemployed spouses could participate. While contributions would be nondeductible, earnings and appreciation would be nontaxable on withdrawal if used for certain designated purposes (including retirement).
- ☐ Tax incentives for private long-term insurance by allowing tax-free withdrawals from IRAs, 401(k) plans, and other qualified pension plans to purchase long-term care insurance.
- ☐ A credit for each family hit by the marriage penalty, up to a total amount to be determined annually by the Secretary of the Treasury.
- ☐ An increase, over five years, of the Social Security earnings limit threshold for retired individuals to \$30,000.
- ☐ Repeal of the 1993 Omnibus Reconciliation Act (OBRA) provision that requires certain retirees to pay income taxes on 85 percent of their Social Security benefits.
- ☐ Indexation of tax depreciation, to allow its recognition faster.
- ☐ An increase in the allowance for small businesses to immediate deduction of depreciable property, to \$25,000 annually (from the present \$17,500).
- ☐ A liberalization of the home-office deduction where management functions performed in the home are essential to the business.
- ☐ An increase in the estate tax exemption from \$600,000 to \$750,000, over three years.

The GOP's long-term tax agenda includes discussion of various consumption and flat-tax proposals as a replacement of the present income tax system. The AICPA will participate in any such discussions to protect the best interests of the profession and to ensure that Congress adopts good tax policy. ☒

Conference Calendar

Personal Financial Planning Technical Conference*

January 9-11—The Pointe Hilton at Tapatio Cliffs, Phoenix, AZ

Recommended CPE credit: 21 hours

Conference on Current SEC Developments*

January 10-11—Grand Hyatt, Washington, DC

Recommended CPE credit: 17 hours

To register or for more information, call the AICPA CPE division, (800) 862-4272.

*For more information, call the AICPA meetings and travel department, (201) 938-3232.

Fifty Dollars Savings

As part of its efforts on behalf of all local and regional CPA firms, the private companies practice executive committee has arranged a special \$50 savings on the registration fees for the following 1995 AICPA conferences.

- ☐ PCPS Annual Conference
April 29-May 3, Scottsdale, AZ
- ☐ National Small Firm Conference
June 28-30, Charleston, SC
November 1-3, Scottsdale, AZ
- ☐ National Practice Management and Marketing Conference
July 31-August 2, Denver, CO
- ☐ National Practice Management and Firm Administration Conference
October 9-11, Las Colinas/Dallas, TX

Be sure to save your certificate of educational savings brochure and make sure you take advantage of the extra savings.

And, for PCPS members only

- ☐ National Accounting and Auditing Advanced Technical Symposium (NAAATS)
June 26-27, Washington, DC
July 17-18, Kansas City, MO

Watch your mail for more information on special savings for PCPS members at NAAATS. ☒

Management Consulting Services Offer Growth Opportunities

Over the years, many small firms and sole practitioners have wondered how they could engage in management consulting services (MCS) when they must be a "Jack of all trades" to clients. Others have wondered how to start MCS departments or how to turn initial MCS engagements into ongoing relationships. Another question is, "What type of consulting services can small firms provide clients?"

Practitioners who engage in MCS think the way to begin is by identifying what you do well, developing a depth of knowledge in that area, and going ahead with it. Designating someone to lead the project is essential, and they suggest picking a partner or manager who has demonstrated both interest and skills in that service niche.

If you let clients know what you are doing for them and how the service benefits them, and if you meet with clients regularly, these practitioners believe you can successfully turn an initial MCS engagement into an ongoing relationship. Effective communication is the key element.

What types of consulting services can small firms provide? The exhibit contains some suggestions, and the following comments by practitioners might shed some light on how to begin.

Gary L. Booth, a Monroe, Louisiana, CPA, says that in the early days of his practice, most of his clients were small, start up, undercapitalized businesses with limited bank knowledge. He began negotiating with financial institutions on behalf of his clients. The service provided could involve putting together the loan package through to negotiating the final loan terms and conditions. This extra effort earned Mr. Booth the reputation of being able to secure funding for small businesses.

Many clients of Grimsley, White & Company in Pueblo, Colorado, are small to mid-size businesses with in-house bookkeepers or accountants. A few have controllers. Dominic A. Cingoranelli, CPA, says that as the firm worked with clients on year-end projects, they often identified areas where the controllership function needed to be strengthened. As a result, he says, some of the firm's management consulting involves controllership training, development, and monitoring. Mr. Cingoranelli says this consulting can be scheduled during slack periods and is a natural fit for accounting staff.

Leonard M. Sommer, an Omaha, Nebraska, practitioner, says he began by conducting free business-planning sessions for non-profit organizations. Typically, these were situations where, as a new board or committee member, he came to realize that the organization's planning never varied from

Some Management Consulting Services

- ☐ Accounting system evaluation
- ☐ Budgeting
- ☐ Business planning
- ☐ Business valuation
- ☐ Computer software/hardware
- ☐ Consulting controller
- ☐ Due diligence reviews
- ☐ Employee compensation
- ☐ Employee evaluation
- ☐ Feasibility studies
- ☐ Financial planning
- ☐ Financial statement analysis
- ☐ Financing
- ☐ Forensic accounting
- ☐ Insolvency services
- ☐ Litigation support
- ☐ Mergers, acquisitions, dispositions
- ☐ Operational auditing
- ☐ Strategic planning
- ☐ Third party liquidators

year to year. Mr. Sommer says he now provides fee-for-service business planning advice to many clients, and believes clients, in general, look to their CPA for such services.

Donald H. Anderson, a Victoria, Texas, CPA, says that for the past twelve years he has been providing computer consulting services to clients who want to develop their own in-house computer systems or are changing from mini-computer systems to the personal computer environment. Mr. Anderson has also worked as part of a team with other CPAs who did not have computer system expertise to install computer systems at their client companies. This has enabled those clients to have access to more timely financial management information and their CPA to provide more profitable consulting services.

The above comments demonstrate how management consulting services have enabled these practitioners to strengthen their client relationships. By meeting clients' needs, they have expanded their role beyond providers of traditional services and have increased their value to their clients. Providing management consulting services can be as rewarding to CPAs as it is to clients. ☒

Editor's note: The AICPA management consulting services division publishes four types of practice aids to help members in the development and expansion of consulting practices. Members may also exchange information through the division's data base referral system.

For more information, call Josephine B. Baker at the Institute, (201) 938-3504.

Audit Risk Alerts Issued

The AICPA's Audit Risk Alerts are particularly helpful for planning audits—an important part of the process. The risk alert series consists of

Audit Risk Alert—1994—a general update on economic, regulatory, accounting, and auditing matters.

Eighteen industry-specific alerts that contain concise information on current developments that might affect clients, and help auditors by focusing their attention on matters that may require special attention.

Compilation and Review Alert—1994—a nonauthoritative practice aid designed to help accountants perform compilation and review engagements.

Publications in the series are

- ☐ *Audit Risk Alert—1994* (no. 022141)
- ☐ *Agribusiness* (no. 022151)
- ☐ *Banks and Savings Institutions* (no. 022146)
- ☐ *Casinos* (no. 022160)
- ☐ *Construction Contractors* (no. 022156)
- ☐ *Credit Unions* (no. 022147)
- ☐ *Employee Benefit Plans* (no. 022131)
- ☐ *Federal Government Contractors* (no. 022153)
- ☐ *Finance Companies* (no. 022154)
- ☐ *Health Care* (no. 022161)
- ☐ *High Technology Enterprises* (no. 022152)
- ☐ *Insurance Companies* (no. 022145)
- ☐ *Investment Companies* (no. 022143)
- ☐ *Not-for-Profit Organizations* (no. 022132)
- ☐ *Oil and Gas Producers* (no. 022148)
- ☐ *Public Utilities* (no. 022155)
- ☐ *Real Estate Companies* (no. 022149)
- ☐ *Securities* (no. 022144)
- ☐ *State and Local Governments* (no. 022130)
- ☐ *Compilation and Review Alert—1994* (no. 060668)

Copies of *Audit Risk Alert—1994*, and *Compilation and Review Alert—1994* are being provided directly by PCPS to its member firms as a benefit of PCPS membership.

The publications may be purchased, cost: \$6.25 each, by calling the AICPA order department, (800) TO-AICPA. Ask for operator PC. ☒

PCPS Toll-Free Numbers

PCPS member firms can obtain prompt help at the Institute by using PCPS's toll-free telephone and FAX numbers.

If you are a PCPS member firm and have questions on CPE, peer review status, discrimination, and other matters, or have queries about PCPS member products and services, contact Jodi Ryan or Dave Handrich via telephone, (800) CPA-FIRM and FAX (800) FAX-1112.

Nonauthoritative Practice Guide Available

The AICPA recently issued a new publication, *Guide to Cash and Tax Basis Financial Statements*. The guide discusses recognition, measurement, and disclosure matters for cash and tax basis presentations. Also included are sample financial statements, unusual disclosures, audit, compilation and review reports, and a disclosure checklist.

Spurred by continuing local firm requests for help with non-GAAP financial presentations, the PCPS technical issues committee (TIC) had been urging the Institute to develop new guidance for local firms performing such engagements.

To purchase *Guide to Cash and Tax Basis Financial Statements*, product no. 006700, cost to members \$35.00, call the AICPA order department, (800) TO-AICPA. Ask for operator PC. ☒

TIC Alert

GAO's Yellow Book reporting changes

The PCPS technical issue committee (TIC) alerts practitioners to the January 1, 1995, effective date for changes to auditors' reports under *Government Auditing Standards* (1994 revision). Auditors are

- ☐ Now required to specifically cite *Government Auditing Standards* when the financial statements report is submitted to comply with a legal, regulatory, or contractual requirement.
- ☐ Now required to refer to the separate reports on compliance with laws, regulations, and internal controls on the financial statements report.
- ☐ No longer required to provide a statement of positive assurance on those items tested for compliance, and negative assurance on those items not tested in the report on compliance with laws and regulations.
- ☐ No longer required to include a listing of an entity's significant internal control structure categories in the report on the internal control structure.

Other required general and fieldwork changes will be incorporated in the guide through conforming changes to the AICPA's loose-leaf service, Audit and Accounting Guides, and in an updated bound volume of the governmental A & A guide with conforming changes as of May 1, 1995. Conforming changes to SOP 92-9 will be issued by mid-1995. Samples of the new auditors' reports may be obtained by calling the AICPA FAX Hotline, (201) 938-3787 from a FAX machine, following the voice cues and selecting document no. 309. ☒

We Need Your Input

The AICPA management of an accounting practice (MAP) committee has published 20 books dealing with various aspects of starting and managing an accounting firm. To be sure it is developing the titles and format most useful to your firm, MAP would appreciate receiving your responses to the following questions:

On which topics would you like the MAP committee to develop publications?

- 1) _____
- 2) _____
- 3) _____

How interested are you in MAP publications in CD-ROM format?

Very interested ☐ Somewhat interested ☐ Not interested ☐

How interested are you in cassette tapes on MAP topics?

Very interested ☐ Somewhat interested ☐ Not interested ☐

Do you have other ideas and suggestions to help make MAP publications more useful?

To make sure your input is received or to obtain a MAP publications brochure, mail or (preferably) FAX a copy of the completed questionnaire to Laura Inge at the Institute's New York office, (800) FAX-1112. ☒

